

Message Text

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43

ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 COME-00 TRSE-00 AID-05 CIAE-00

INR-07 NSAE-00 L-03 /033 R

DRAFTED BY EB/OCA/CM/AWALLACE
APPROVED BY EB/OCA/CM/AWALLACE
NEA/INS/RMORLEY

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R 250105Z OCT 75
FM SECSTATE WASHDC
TO AMEMBASSY NEW DELHI

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E.O. 11652: N.A.

TAGS: EINV, IN

SUBJECT: MERCK THINKING OF DISINVESTING

FOR ROGER SEVERANCE

1. BARRY COHEN, EXECUTIVE VICE PRESIDENT OF MERCK AND CO.,
TELEPHONED THE DEPARTMENT TODAY TO DISCUSS DIFFICULTIES THE
COMPANY IS EXPERIENCING IN INDIA. HE IS PARTICULARLY CON-
CERNED ABOUT THE HATHI REPORT AND ABOUT THE GOI REFUSAL TO
PERMIT IMPORTS OF CHEMICALS FROM THE U.S. FOR MERCK'S
INDIAN JOINT VENTURE.

2. WE BRIEFED COHEN ON THE CURRENT STATUS OF THE HATHI
REPORT, OUR WORK WITH THE PHARMACEUTICAL MANUFACTURERS
ASSOCIATION, THE JOINT COMMISSION EFFORT, AND THE CONTACTS
WHICH THE EMBASSY HAS MADE WITH THE GOI. HE SAID THAT
MERCK WAS SERIOUSLY THINKING OF PULLING OUT OF INDIA UNLESS
THE IMPORT PROBLEM CAN BE SOLVED. ALSO, THE COMPANY WOULD
PULL OUT RATHER THAN ACCEPT ANY DILUTION OF ITS CURRENT 60
PERCENT EQUITY POSITION.

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3. COHEN ASKED WHETHER THE EMBASSY COULD MAKE REPRESENTATION
TO GOI EMPHASIZING POSSIBILITY OF MERCK DISINVESTMENT. HE
IS WILLING TO SEND SENIOR MERCK OFFICIAL TO INDIA TO

ACCOMPANY EMBOFF IF THIS WOULD BE HELPFUL. WE SAID WE
WOULD QUERY NEW DELHI ON BEST COURSE OF ACTION FOR MERCK.
PLEASE ADVISE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESS FIRMS, DRUG PREPARATION, IMPORT CONTROLS, JOINT VENTURES
Control Number: n/a
Copy: SINGLE
Draft Date: 25 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE254535
Document Source: CORE
Document Unique ID: 00
Drafter: OCA/CM/AWALLACE
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750372-0630
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751019/aaaaaqjt.tel
Line Count: 68
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06 AUG 2003 by CunninFX>; APPROVED <25 NOV 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MERCK THINKING OF DISINVESTING FOR ROGER SEVERANCE
TAGS: EINV, ECEM, IN, US, MERCK & CO
To: NEW DELHI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006